

ally balanced diet. It begs the questions of: (1) who will pay for this food? (2) how will those now consuming poor diets be induced to consume a better diet? and (3) how can the requisite foods be distributed to those people and geographical areas where deficits exist? The demand for food, on the other hand, reflects consumers' desire backed up with money which they are spending. The need for food increases as population increases. The demand for food increases as incomes expand. The major interest in these discussions of trade problems is with the demand for food and other agricultural products, the commercial trade that caters to this demand, and the international trade that helps adjust national supply to demand.

However, a substantial portion of the U.S. Public Law 480 exports fall in between these two concepts. Reviewing past shipments, grants under former titles II and III (present title II) represent donations to attend to food needs which otherwise would be met only with great difficulty. Long-term loans under former title IV (present title I) represent food sold on a dollar repayment basis, thus bridging a current foreign exchange gap. Sales for local currency under former title I (and still possible, though restricted, under present title I) represent a combination of grants and sales depending upon the uses to which the local currency is put in the specific case. The shipments under the world food program, and certain bilateral programs as for Canada, fall into a food aid or development aid category; i.e., development grants for specified purposes. Most sales of wheat by France probably should be classified as concessional sales or export dumping since the principal concession is in the price. The new multilateral program developing out of the Kennedy Round negotiations on grains will provide a substantial amount of food aid from present importing countries. Present reports on the agreement do not make clear whether these shipments should be classified as grants or as concessional sales.

Any discussion of food aid in the future rests heavily upon the likely trend in world population and the prospects for a great acceleration in family planning. If current projections are realized, the pressures for accelerated food aid will be well nigh insatiable, especially if coupled with a growth in commercial trade stemming from larger per capita incomes in Japan and Western Europe, and from concessions made in the Kennedy Round negotiations. If family planning is accelerating rapidly, as argued by a few population specialists, then modest and feasible levels of concessional and grant shipments will continue, with a gradual improvement in the average levels of human nutrition.

To complete this section we turn to a recent research report on Public Law 480,²⁹ selecting from the summary chapter. This material discusses the impact upon development and prices of past Public Law 480 shipments.

"An examination of the program's impact in several countries indicates that farm products can provide useful economic assistance, but they do not do so automatically. The internal policies of the recipient nations can do much to compensate for or override the possible adverse price effects of additional imports * * * within the framework of the individual Public Law 480 agreement, a recipient nation may find

²⁹ Witt, Lawrence, and Carl Eicher, "The Effects of U.S. Agricultural Surplus Disposal Programs on Recipient Countries," Research Bulletin 2, Agricultural Experiment Station, Michigan State University, 1964, pp. 69-72.